



*preparing a Local Mandate Fiscal Impact Estimate. Therefore, this analysis is only concerned with the fiscal impact of the bill's provisions on cities and counties.*

HB 426 would potentially have some costs for cities and counties, related to both time and administration of the bill's provisions. **Those local governments most impacted would be the ones who are served by an ADD that currently serves as both a fiscal agent and service provider.** Since Section 5 requires the ADD to do one but not both functions, cities and counties would be required to seek alternative fiscal agents or service providers.

The Council of Area Development Districts (KCADD) states that Section 5 of HB 426 could have a negative impact on the Federal Area Agency on Aging designations, the Workforce Investment Act and the Joint Funding Agreement relationships, among others. In some parts of the Commonwealth, this is a necessity for the residents of the Commonwealth to be able to receive vital services. The KCADD observes that that vulnerable populations, disabled, and aging that rely on basic essential health related services could be at risk of having services disrupted or cancelled. The 60-day determination would have a negative impact on the provision of services, and in some instances would jeopardize current and future federal funding should such time frames be applicable and cause a disruption of access to services and programs.

In summary, over time, there may be costs or benefits to cities and counties, along with some administrative and service disruptions as various ADDs and their respective local governments seek alternative service providers and make choices and adjustments as required by the bill in general, and section 5 in particular.

**Data Source(s):** Kentucky Council of Area Development Districts, Kentucky League of Cities.

**Preparer:** Hank Marks      **Reviewer:** MCY      **Date:** 2/23/15